

Agency: Commerce, Community and Economic Development**Grants to Unincorporated Communities (AS 37.05.317)****Grant Recipient: Klukwan****Project Title:****Project Type: Other**

Klukwan - Purchase of Chilkat Portage Cove Dock and M/V Chilkat Express for Cruise Ship Passenger Access

State Funding Requested: \$2,000,000**House District: 5 / C**

One-Time Need

Brief Project Description:**POSSIBLE CRUISE SHIP PROJECT: REGIONAL CRUISE SHIP IMPACT FUND**

The Chilkat Indian Village will purchase from Klukwan, Inc. the Portage Cove Dock and the M/V Chilkat Express, a catamaran, to assure that cruise ship passengers have convenient transportation between Skagway and Haines and easy access to the Jilkaat Kwaan Cultural Heritage Center in Klukwan. The project also encompasses business start-up costs including needed repairs to the catamaran.

Funding Plan:**Total Cost of Project: \$2,000,000***There is no other funding needed***Detailed Project Description and Justification:****POSSIBLE CRUISE SHIP PROJECT: REGIONAL CRUISE SHIP IMPACT FUND**

The Chilkat Indian Village is engaged in an extremely time sensitive effort to acquire funding to purchase the Portage Cove Dock (PCD) and the M/V Chilkat Express, and to provide monies for the successful start-up of these seasonal tourism business operations including needed repairs to the catamaran. In order to meet a closing date of March 15, 2010 and to prepare for summer operations, CIV is currently working to secure a \$2M loan so as not to miss this important opportunity to provide a needed service to cruise ship passengers and others. If the tribe is successful in obtaining a loan for this purchase, the funding from this request will be used as debt relief to pay back the loan. If the village has not been successful in obtaining a loan prior to the award of this request, the funding will be used to purchase the dock and boat and to assure successful start-up of the shuttle ferry service.

This project directly links the cruise ship tourism industry with the unique Native cultural exchange experience that will be offered at the Jilkaat Kwaan Cultural Heritage Center. Through this linkage it will add a total of 45 jobs and retain 8 jobs currently in place seasonally, while building the tourism infrastructure in the Upper Lynn Canal. Therefore, it is our Tribal Council's top priority for Cruise Ship Tax Initiative funding.

The Portage Cove Dock is conveniently located near downtown Haines and is a deep water dock. This will be a successful Alaska Native owned and operated company, and will cater primarily to the Alaskan cruise ship market providing marine transportation between Haines and Skagway via a fast ferry for tour operators based in Haines, and bus service between the Portage Cove Dock in Haines and the village of Klukwan, 22 miles north on the Haines Highway. Docking facilities will

be provided to the smaller cruise ships that visit the port of Haines during the May to September tourism season. In addition, we will market and operate tours for cruise ship and independent passengers to the Jilkaat Kwaan Cultural Heritage Center (located in Klukwan) passing through the Chilkat Bald Eagle Preserve enroute.

Haines and Skagway are separated by more than 350 miles of road making access to fast ferry service between these communities essential to the Upper Lynn Canal during the busy tourist season. The catamaran allows cruise ship passengers to enjoy the scenic 45 minute trip along Lynn Canal and participate in the diverse array of tour offerings available in the Chilkat Valley and Skagway. A shuttle bus owned by the Jilkaat Kwaan Heritage Center nonprofit will provide connecting transportation to Klukwan, the location of the Jilkaat Kwaan Cultural Heritage Center. This will make it easy for visitors to experience this unique Native cultural exchange opportunity, including the Heritage Center once it is built with the exhibits of the Whale House Collection, Frog House totems, Chilkat Blankets, masks and other Chilkat Indian artwork. In addition, visitors will have the opportunity to view Native artists at work at the Traditional Knowledge Camp and in the demonstration area of the Heritage Center, purchase local Native artwork, enjoy a salmon bake and view eagles in the Chilkat Bald Eagle Preserve.

The PCD includes a building which housed a restaurant and gift shop in the past. We will use a portion of the facility for administrative operations offices, leasing the remaining spaces in order to generate income, meet the needs of the visitors and assure they have a quality experience.

Funding for this Regional Cruise Ship Impact Fund proposal will achieve the following objectives while building the tourism infrastructure in the Upper Lynn Canal: 1) assure continued access to convenient transportation between Haines and Skagway for cruise ship passengers, independent travelers and other visitors, tourism industry employees who commute between these communities, and the general public; 2) support employment for Tribal members and other local residents by adding a total of 45 jobs and retaining 8 jobs currently in place seasonally; 3) enhance cruise ship tour offerings and capacity by linking directly to the Jilkaat Kwaan Cultural Heritage Center in Klukwan; and 4) retain Native ownership of the Portage Cove Dock.

Needs/Benefits: Industry estimates indicate that in recent years 7% to 8% of Skagway cruise line passengers visit Haines and 20% to 30% of Haines cruise line passengers take a side trip to Skagway. Transportation options between the two communities are limited to road (350 miles), state ferry system (limited schedule), small airlines (weather dependent; limited schedule and capacity) and privately owned fast ferry services. The resumption of this fast ferry service is needed to assure that cruise line passengers continue to have the option to shuttle between these two very different ports.

The project's expected economic impact is directly tied to the three basic components of visitor-related employment: direct wage and salary employment, proprietorships, and indirect employment. These jobs stem from local spending by visitors to the area, including cruise ship passengers (shuttled from/to Skagway as well as those aboard ships docking in Haines), and visitors traveling to and through the Haines-Klukwan area. According to the McDowell Group's Haines Tourism Management Plan, 2002, visitors spend money throughout the economy, purchasing tours, art, gifts and local products. This spending will contribute to the creation of tourism-related jobs and services in both Klukwan and Haines, expanding visitor services.

Most people who come to Alaska are interested in three things: Native cultures, wildlife, and unique environment. The Chilkat Valley has all three: the unique history and culture of the Chilkat Tlingits', the Chilkat Bald Eagle Preserve, and beautiful, breath-taking scenery of the Chilkat Range and River Valley. The Chilkat culture is unique and our traditional art has been making a strong comeback in the village. Along with Chilkat weaving, there has been a revival of other art forms such as traditional song and dance, carving, traditional construction skills, canoe making and subsistence lifestyle skills.

The Heritage Center will showcase the culture of the people and observation of the eagles.

Sustainability: The JKCHC Team has often discussed the desire to create a direct link between the cruise ship passengers and the JKCHC complex. Recently, the Chilkat Indian Village purchased one 26 passenger airporter shuttle bus so that we could create and offer our own tours including transportation from Haines to Klukwan, passing through the Chilkat Bald Eagle Preserve. When the PCD dock was placed on the market we saw it as a strong opportunity for CIV to 1) participate more fully in the cruise ship industry and regional tourism, 2) develop our own tour offerings to increase the profitability of the JKCHC and of course, this project and 3) retain Native ownership of the dock and related enterprises so that tribal members can continue to benefit from the tourism industry, sharing our culture with visitors and working in rewarding and culturally appropriate jobs.

We understand the need to develop a complete business plan that will assure wise investment and sustainability of this project. It is our understanding that in recent years the PCD dock and boat operation would have been profitable if there hadn't been such a large overhead for dock and boat payments. We believe that with the outright purchase of these assets and careful planning this operation can be developed in a manner to be self-supporting and generate profits. Therefore this funding is critical to the long-term success of the project regardless of whether it is used to outright purchase the assets and start the shuttle service or whether it is used as debt relief to repay a loan secured by the village to secure the assets and start the business.

Project readiness: Currently Klukwan Inc. is offering the PCD and the Chilkat Express catamaran for sale. They are in a situation where time is of the essence and need to move quickly. Therefore, the Chilkat Indian Village has inspected the dock and boat, negotiated a fair price (\$1.5M) and has signed a contract for purchase of the boat and dock with a closing date of March 15, 2010 in order to take advantage of this opportunity. Once funding is in place and closing has occurred we plan to begin business operations (\$246,000) as soon as possible in order to accommodate the needs of the tourism industry during as much of the 2010 summer season as possible. A first step will be to ensure all needed repairs and maintenance to the catamaran are completed (\$254,000). These include engine rebuilds, new jets, electrical inspection, and replacement of some windows and carpet.

Justification: The Portage Cove Dock and catamaran acquisition and operations proposed in this project retain and expand services and tour options and capacity for cruise ship passengers visiting the Upper Lynn Canal. Our communities are heavily impacted by the cruise ship industry and are therefore eligible for funding through the Regional Cruise Ship Impact Fund. The Chilkat Indian Village continues to take a pro-active long-range view of economic development and Alaska Native tourism to assure that visitors to the region have the opportunity to experience Tlingit culture through meaningful tour offerings. The synergy of this project when combined with the Jilkaat Kwaan Cultural Heritage Center project will create a sustainable environment for both projects while benefiting cruise ship passengers and supporting the regional tourism economy.

Project Timeline:

Purchase dock and catamaran using either loan funds or state funding – Spring/Summer 2010

Upon closing begin repairs on catamaran – 6 to 8 weeks

Begin operations of business – Summer 2010

If a loan was secured, pay off loan with state funding -- Summer 2010

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Chilkat Indian Village Tribal Government

Grant Recipient Contact Information:

Name:	John Brower
Address:	HC 60 2207 Haines, AK 99827
Phone Number:	(907)767-5505
Email:	jbrower@chilkatindianvillage.org

Has this project been through a public review process at the local level and is it a community priority? ☒ Yes ☐ No



"Yee gu.aa yax x'wan."

**An Indian Reorganization Act Village
Under Act of Congress June 15th 1935**
32 Chilkat Ave. Klukwan, Alaska
HC60-2207 Haines, Alaska 99827
Phone: 907-767-5505
Fax: 907-767-5518
klukwan@chilkatindianvillage.org

RESOLUTION # 2010-06

FY '11 Regional Cruise Ship Impact Fund for the Purchase of the Chilkat Portage Cove Dock and M/V Chilkat Express

- WHEREAS;** the Chilkat Indian Village of Klukwan is a duly constituted Indian Tribe organized pursuant to the authority of the Acts of Congress of June 18, 1934 (48 Stat.984) and May 1, 1936 (49 Stat. 1250) and in accordance with section 16 & 17; and
- WHEREAS;** the Chilkat Indian Village Council acting as the duly constituted governing body of the Chilkat Indian Village, pursuant of Article V Section (j) of the Constitution and Bylaws of the Chilkat Indian Village has authority to negotiate with federal and state agencies and organizations for the benefit of the Tribe; and
- WHEREAS;** the State of Alaska is offering funding to Alaskan communities under the FY'11 Regional Cruise Ship Impact Fund, and;
- WHEREAS;** Klukwan, along with Haines and Skagway, are communities that are directly impacted by the cruise ship industry both economically and environmentally,
- WHEREAS;** cruise ship passengers require shuttle service between the communities by ferry and bus; and
- WHEREAS;** fast ferry shuttle service between Haines and Skagway is essential to the sustainability of local tourism jobs, and;
- WHEREAS;** the Chilkat Indian Village has been working towards the purchase of the Chilkat Portage Cove Dock and M/V Chilkat Express which will serve both the needs of the cruise ship industry and provide jobs for and boost the economies of the communities of the upper Lynn Canal and Chilkat Valley, and;
- WHEREAS;** the Chilkat Indian Village is in the second phase of developing a visitor facility, the Jilkaat Kwaan Cultural Heritage Center and Bald Eagle Observatory, that will bring added attraction and value to the tourism industry, add to visitors' experience here and provides support to regional entities such as the Chilkat Bald Eagle Preserve;



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**FY '11 Regional Cruise Ship Impact Fund for the Purchase of the Chilkat Portage Cove
Dock and M/V Chilkat Express.**

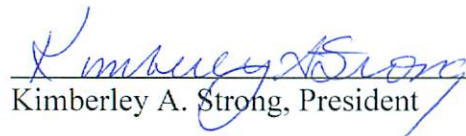
NOW THEREFORE BE IT RESOLVED THAT the Chilkat Indian Village hereby officially requests financial aid for our number one priority from the State of Alaska's "Regional Cruise Ship Impact Fund" for the activities listed in the proposal attached to this resolution.

BE IT FURTHER RESOLVED that the Chilkat Indian Village hereby commits to the proper and designated use of the funds, if granted, by the State of Alaska.


CERTIFICATION:

Adopted this Sixth day of February 2010.

With 7 for, 0 against, 0 absent, and 0 abstained.



Kimberley A. Strong, President



Peter T. Katzeek, Secretary



"Yee gu.aa yax x'wan."

**An Indian Reorganization Act Village
Under Act of Congress June 15th 1935**

32 Chilkat Ave. Klukwan, Alaska
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February 10, 2010

The Honorable Albert Kookesh, Senator
State Capital, Room 11
Juneau, Alaska 99801

The Honorable Bill Thomas, Representative
State Capital, Room 434
Juneau, Alaska 99801-1182

Dear Senator Kookesh and Representative Thomas,

The Chilkat Indian Village Tribal Council met on January 26 and again on February 6, 2010 to review and prioritize our CIP requests. We have created a list of five projects for your consideration. As you will notice from our list most of our projects deal with public safety, our economy, and our health and well-being.

Sirs, we know that you have helped us in the past with our Jilkaat Kwaan Cultural Heritage Center of which we were able to make great progress with those funds. We have been awarded funds from EDA for the Hospitality House and construction should be complete this spring. It would be of great assistance to us if we could get your continued support in this area. As you know this project is made up of three phases. We are now seeking funds to aid in the final phase of the project, the Cultural Center / Museum. With State funding in place we would be able to leverage funds from federal sources and foundations to support this Native cultural tourism project.

The Council listed the purchase of the Chilkat Port Chilkoot Dock and M/V Chilkat Express as our second CIP priority and our first priority for the Cruise Ship Impact Fund. Acquiring these assets and providing seasonal ferry shuttle service between Haines and Skagway is critical to both communities and is integral to creating easy access to Klukwan's Jilkaat Kwaan Cultural Heritage Center once it is built.

Our Fire Hall Maintenance & Safety project is our third priority. As our community moves forward with economic growth, we need to deal with this most important infrastructure short fall.

Because of public health and safety reasons our garbage truck needs to be replaced. This is our fourth priority. It is our understanding that it should be a covered bed truck or a compacting truck. Replacing our existing truck will allow us to make fewer trips to the dump, saving fuel and increasing energy efficiency.

The Klukwan ANS Hall is in need of repair and maintenance and is our fifth priority. This project also addresses public health, safety, and energy conservation issues. Making sure the exit stairways are safe is very important as is the addition of a new three hole sink so the kitchen can pass inspection. Improving energy efficiency with new doors and windows will help lower our fuel bills. You know how important this facility is to our village for community gatherings and it needs to meet health and safety standards.

Thank you for your consideration.

Sincerely,

Kimberley A. Strong, Council President

**TO: Sean Parnell
Governor, State of Alaska**

**From: Al Gilliam and Pam Coulter
Alaska Cross Country Guiding & Rafting LLC
P.O. Box 124, Haines, Alaska 99827
PH: 907-767-5522
E-MAIL: akcrosscountry@aptalaska.net**

DATE: April 25, 2010

PAGES: 2

Regarding:

Support of the \$2,000,000. 2010 Capital Budget Appropriation for the Chilkat Indian Association, Haines Borough, Haines, Alaska

Governor Parnell,

Please know that we support the Capital Budget Appropriation in the amount of \$2,000,000. that the Legislature has approved for the Chilkat Indian Association's purchase of dock facilities in Haines and a catamaran ferry from Klukwan, Inc.

In an effort to keep these entities as native owned business assets Klukwan Inc has provided the Chilkat Indian Association with a remarkable price for these assets.

The ownership of the dock facilities and the catamaran ferry by the Chilkat Indian Association will dramatically enhance the Associations newly developed tourism enterprise located at the Klukwan Village.

The Chilkat Indian Association has been successful in the development of a "World Class" Visitor Center at Klukwan Village that truly imparts the essence of Tlingit native culture to visitors. The Chilkat Indian Association is to be commended for the years that they have devoted to the process that has culminated in such a rewarding first class experience for our visitors. We feel that the vast majority of residents in the Haines Borough celebrate the accomplishment of the Chilkat Indian Association and look forward to the economic growth that this endeavor will provide to the Borough as a whole.

Of paramount consideration is that the Tourism business is seasonal with a window of five months, May through September, in which to maximize the tourism traffic to any one tourism entity. By owning and operating the key transportation leg and facilities of their package tour the Chilkat Indian Association will have full control of the days and departure times in which to maximize their fair share of the 800,000 cruise ship passengers that visit Skagway, Alaska each season. We cannot emphasis enough the impact that the ownership of these facilities will have on the initial growth and ultimate success of the Visitor Center at Klukwan.

Also, the operation of the catamaran ferry by the Chilkat Indian Association will provide opportunities for other tour companies in the Haines Borough to grow their business as well. The Chilkat Indian Association understands the need for this kind of business growth and is eager to participate in joint marketing of tour products, knowing that the more an area is recognized for its quality visitor experiences the more traffic will be generated to that area producing a "Win Win" scenario for the community of Haines and the Village of Klukwan.

Also, the building located at the docking facilities will serve as an area within the town of Haines to further showcase native art, crafts, history and lifestyle.

Additionally, the docking facilities are coveted by explorer class cruise ships as well as other commercial and private boat operators visiting the Upper Lynn Canal for which docking fees will contribute to the overall bottom line of the business activities of the Chilkat Indian Association.

Overall, this appropriation should be considered as a fundamental catalyst in support of the economic development of the visitor industry at large of the Haines Borough.

Signatures:






Guiding Alaska's inquisitive visitors since 1985.

Sean Parnell, Governor
State of Alaska
Juneau, Alaska

April 29, 2010

Subject: support for Jilkaat Kwaan's dock and boat purchase

Dear Governor Parnell,

I am seeking your endorsement of economic support for Jilkaat Kwaan in their efforts to purchase Chilkat Cruises' boat and Portage Cove Dock facility here in Haines. The boat and dock have been an unused resource since Chilkat Cruises closed their doors over two years ago. Tourism has been the main economic base for Haines for the last twenty-five years. Now the lion's share of our economy is dependent upon moving some 50,000 of the 800,000 Skagway visitors between Skagway and Haines each summer. Both communities will benefit from increasing the shuttle capacity on cruise ship days between towns.

The Chilkat Indian Village is building cultural tourism businesses based the rich heritage of the Tlingit "mother village", Klukwan. As our national economy slowly improves I can think of no other place the state could invest funds to benefit the most people in our area. Helping Jilkaat Kwaan purchase this tourism infrastructure now, is a positive step in shoring up the economic future for numerous small businesses such as ours in Haines, plus those in Klukwan and Skagway. Thank you for considering this request. I would be happy to be contacted with any questions and would appreciate hearing back from your regarding your decision on this important matter.

Kind regards,

Dan Egolf, President
Alaska Nature Tours



Captain's Choice Inc. MOTEL

*"A Pleasant
Touch of Luxury"*

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Email: capchoice@usa.net • Internet: <http://www.capchoice.com>

April 29, 2010

Chilkat Indian Village IRA Council
Kimberly Strong IRA President:

The Captain's Choice Motel gladly writes you a letter of support for your new venture of transporting clients to and from Skagway. We do understand that the now existing company has limited space on their boat for their main priority is to transport clients doing their tours. Understandably these two companies are two of the largest tour companies doing business in Haines they rarely have room for other clients.

The Captain's Choice Motel is the largest Motel in Haines and we pride ourselves in the fact that our guests can rest and relax while we book their tours and excursions for them. This past year it was difficult to arrange the boat to coincide with the train trip and therefore we were unable to sell that tour as often as we had in the past. It is a loss for everyone, the Motel, the boat company, White Pass Train, and the city of Haines for the lost tax revenue. Your new venture would be a win, win, situation for all and most of all for the many visitors to our beautiful City.

We look forward to the opportunity to work with you in the future.

Sincerely Yours

Cheryl Katzeek
Front Office Manager
Captain's Choice Motel
907-766-3111

Keet Gooshi Tours
P O Box 997
Haines AK 99827
907-766-2168

April 29, 2010

Chilkat Village IRA
Kimberly Strong President

To Whom It may Concern:

Keet Gooshi Tours has been doing Cultural Tours to the Village of Klukwan for 12 years now. We are a very small Tour Company compared to some of the others here in Haines. Also, we are not pre sold off the Cruise Ship and therefore any clients that we would have coming from Skagway would not be a priority for space on the existing boat company.

We fully support the purchase of the Chilkat Dock by the Jikaa Kwaan Cultural Tour Company. It is our sincere belief that Keet Gooshi Tours will benefit from the operating of a boat owned and operated by the Village of Klukwan. Keet Gooshi would use this company exclusively.

We look forward to the opportunity to work with them in the future.

Sincerely yours



Cheryl Katzeek
Keet Gooshi Tours
907-766-2168